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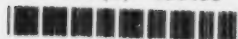
**Administrative and budgetary aspects of the financing
of the United Nations peacekeeping operations**

**Review of the methodology for rates of reimbursement
to troop-contributing countries**

Report of the Secretary-General

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Summary

In its resolution 59/298 of 22 June 2005 the General Assembly requested the Secretary-General to submit a comprehensive report on the rates of reimbursement methodology and decided to review the daily allowance for troops. Resolution 55/274 of 14 June 2001 provided guidance for the methodology, including general principles of simplicity, equity, transparency, comprehensiveness, portability, financial control and audit and confirmed delivery of specified services. General Assembly resolution 59/298 reiterated its request for that guidance and stressed that the new methodology to be prepared by the Secretariat should fully address the guidance.

The proposed methodology, fully addressing the guidance, consists of four phases: survey design, data collection, data analysis and the reporting phase. The four phases of the methodology define the survey process. The survey design phase covers periodicity, population and modes of dissemination of the survey. The data collection phase determines the cost components of the survey and the actual questionnaire to be sent to the population; it also covers the design of the portfolio of evidence for the collected data. The data analysis phase defines the response rate that would yield representative data on costs of countries contributing troops to peacekeeping, technical details on the calculation of the so-called absorption factor that is used to analyse the cost data and the presentation (level of aggregation) of the actual rates of reimbursement. The reporting phase describes how the outcomes of the data analysis would be conveyed to the General Assembly, to enable fully informed decisions concerning rates of reimbursement.

The actions to be taken by the General Assembly are set out in section IV of the present report.

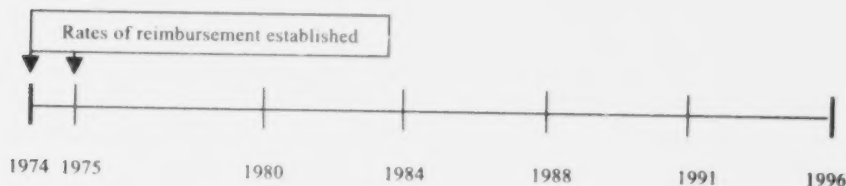
I. Introduction

1. The standard rates of reimbursement for troop-contributing countries were initially established by a decision of the General Assembly at the 2303rd plenary meeting of its twenty-ninth session, on 29 November 1974. Those standard rates, which became retroactively effective on 25 October 1973, were established to compensate for the pay and allowances of all troops and for supplementary payment for a limited number of specialists contributing to peacekeeping.

2. The Assembly, at the 2440th plenary meeting of its thirtieth session on 15 December 1975, furthermore approved the principle of reimbursing troop-contributing countries for the usage factor for personal clothing, gear and equipment, including personal weaponry, issued to their troops for service in peacekeeping.

3. The rates of reimbursement have been reviewed by the Secretariat nine times since 1974, and altogether five surveys have been conducted, as presented in figure 1 below. The first review in 1977 was based on cost data submitted by the troop-contributing countries to the Secretary-General in support of their request for an increase in the standard rates of reimbursement for pay and allowances (see A/32/339, para. 17). Subsequent reviews have resorted either to surveys conducted by the Secretariat or to extrapolation of the data from the previous surveys.¹

Figure 1
Surveys on the rates of reimbursement



4. The reviews, resulting in reports to the General Assembly, described the cost data of troop-contributing countries that provide troops to peacekeeping operations. The cost data of each troop-contributing country was summarized as an average cost of one peacekeeper per month, and the average cost was then compared with the rate of reimbursement per one peacekeeper per month. As a result of that comparison, an absorption factor for each country was derived; the absorption factor demonstrated to what extent the standard rates of reimbursement covered the costs of troop-contributing countries deploying troops to peacekeeping.² See paragraphs 51 to 56 of the present report for a more detailed description of the concept of absorption factor.

5. In the reports referred to in the above paragraph, the Secretary-General made recommendations to the Assembly as to whether the change in the average overall absorption factor of the troop-contributing countries seemed to warrant a change in the rate of reimbursement. The surveys carried out in 1984 and 1988 resulted in a recommendation of maintaining the existing rate; the review in 1977 and the surveys in 1980 and 1991 resulted in an increase in the rate, which was approved by the Assembly as shown in table 1 below. The 1996 survey showed an increase in the average overall absorption factor, which appeared to warrant an upward adjustment.

An increase was not, however, recommended by the legislative bodies, mainly owing to problems in the reliability and validity of the collected data on which the review was based.³ Instead, in 2001 and 2002 an increase of 2 per cent was approved by the General Assembly on an interim and ad hoc basis.

Table 1
Standard rates of reimbursement

Cost component of rate of reimbursement	Effective date						
	October 1973	December 1975	October 1977	December 1980	July 1991	July 2001	January 2002
Pay and allowances	500	500	680	950	988	1 008	1 028
Supplementary pay for specialists (25 per cent of logistic contingents and 10 per cent of other contingents)	150	150	200	280	291	297	303
Usage factor for personal clothing, gear and equipment	—	65	65	65	65	66	68
Usage factor for personal weaponry	—	5	5	5	5	5	5

6. In addition to the rates of reimbursement (table 1) that are paid to the Governments of troop-contributing countries, a daily allowance, a payment made directly to troops on the ground, has been in place since 1956. The daily allowance was meant to cover incidental personal requirements of troops serving in the First United Nations Emergency Force.⁴ The rate, initially set at \$0.86 per peacekeeper per day, has been unchanged at \$1.28 per peacekeeper per day since 1974, in the absence of a methodology to carry out a review.

7. In paragraph 10 of its resolution 59/298 of 22 June 2005, the Assembly requested the Secretary-General to submit a comprehensive report on the rates of reimbursement methodology.⁵ In that same resolution the Assembly also decided to review the daily allowance for troops at its resumed sixtieth session.

8. The present report describes, in paragraphs 9 to 74, the proposed methodology for rates of reimbursement, and in paragraphs 75 to 77, the proposed approach with respect to the review of the daily allowance.

II. Proposed methodology for rates of reimbursement

A. Guidance from the General Assembly

9. The General Assembly has provided guidance regarding the rates of reimbursement methodology in its resolution 55/274, paragraphs 8 and 9. Subsequently, the Assembly, in its resolution 59/298, stressed that the new methodology to be prepared by the Secretariat should fully address the guidance provided in resolution 55/274. That guidance can be summarized as follows:

- The General Assembly decided that the future rate of reimbursement for troop costs should be based on new survey data that is representative of the costs

incurred by about 60 per cent of countries that have contributed troops to peacekeeping operations.

- The Assembly requested that the data for the survey identify the common and essential additional costs from existing troop levels related to personnel that were incurred by troop-contributing countries due to their participation in United Nations peacekeeping operations, including the establishment of a standard vaccination package and identification of mission-specific vaccines and mission-specific medical and biochemical examinations, using the data available from the World Health Organization and the United Nations Children's Fund, that could be liable for reimbursement.
- The Assembly also requested that the methodology ensure that no double payment be made with respect to reimbursement between the various levels of self-sustainment, components of troop costs and any other allowances.
- Moreover, the Assembly requested the methodology to be driven by the general principles of simplicity, equity, transparency, comprehensiveness, portability, financial control and audit, and confirmed delivery of specified services.

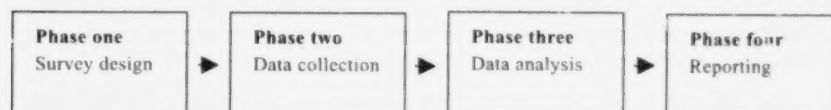
10. The proposed methodology aims at addressing the above-mentioned guidance.

B. Phases of the proposed methodology

11. The proposed methodology consists of the following four phases which aim at addressing the guidance of the General Assembly (see annex):

Figure 2

Phases of the methodology for rates of reimbursement



12. The four phases would define the survey process. The survey design phase would cover periodicity, population and modes of dissemination of the survey. The data collection phase would determine the cost components of the survey and would include the actual questionnaire to be sent to the population. Phase two would also cover the design of the portfolio of evidence for the collected data. The data analysis phase would, in turn, define the response rate that would yield representative data on costs of countries contributing troops to peacekeeping;⁶ technical details on the calculation of the so-called absorption factor that is used to analyse the cost data; and the presentation (level of aggregation) of the actual rates of reimbursement. The reporting phase would describe how the outcomes of the data analysis would be conveyed to the Assembly, to enable fully informed decisions concerning rates of reimbursement.

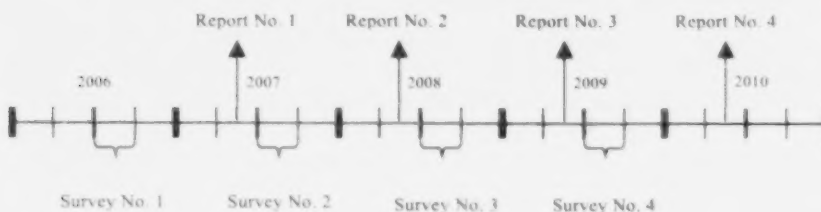
13. Of the four phases, execution of the data collection and data analysis phases would be audited by the Office of Internal Oversight Services. Audit findings, if any, would be duly reported to the Member States.

Phase one: survey design

Periodicity

14. The periodicity of the survey refers to the frequency with which the survey is conducted. In previous years reviews of the rates were carried out every four years on average, as shown in figure 1. The proposed methodology would apply a dual approach: first, in the time period from 2006 to 2009 a survey would be carried out each year, as shown in figure 3, and after 2009 surveys would be carried out at three-year intervals:

Figure 3
Timeline for the first four yearly surveys



15. The first survey, proposed for 2006, would be used to establish an empirical baseline for the consecutive reviews. The survey data collected in the previous survey in 1996 cannot be used as a baseline. This is mainly due to the changes in the questionnaire of the proposed methodology compared to the 1996 survey, as well as the fact that the cost data gathered in the 1996 survey was somewhat problematic, as pointed out in paragraph 5 of the present report. The following three yearly surveys — in 2007, 2008 and 2009 respectively — would also be used to gain experience with the proposed methodology, which would allow the proposal of any adjustments to the Assembly, as appropriate, in a timely manner.

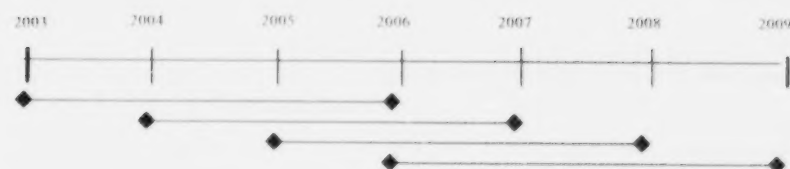
16. The subsequent surveys, after 2009, would be carried out at three-year intervals. The frequency would capture, within a relatively short time lag, any changes in the composition of troop-contributing countries and the trend in costs of troop-contributing countries.

Population

17. The population of the survey refers to the total number of Member States for which cost data would be solicited. In the previous reviews, the population was defined as a set of troop-contributing countries that, at a predefined date, contributed troops to active peacekeeping missions.

18. In the proposed methodology, the population for the first four annual surveys, to be carried out in 2006-2009, would be those Member States that have contributed troops during the three years preceding the survey, as reflected in figure 4 below.

Figure 4
Population of the four yearly surveys



19. After the initial four-year period, the population of the survey would be those Member States that have contributed troops between two consecutive surveys: for example, for the 2012 survey all Member States who had contributed troops during the period 2009-2012 would constitute the population of the survey.

20. The main reason for the proposed change is that the definition of the population, which is broader than the one used in the previous surveys, would ensure representative data. The proposed methodology implies that rather than taking a sample of troop-contributing countries at a single predefined date to represent the entire population between the surveys, the population includes all troop-contributing countries who have contributed troops between surveys.⁷

The questionnaire and its dissemination

21. The questionnaire refers to the design of individual survey questions and corresponding instructions to be sent to the troop-contributing countries. In the previous reviews, a questionnaire (in English) was sent through the permanent missions of the Member States to the home country. The questionnaire included brief instructions.

22. In the proposed methodology, the questionnaire would continue to be distributed through the permanent missions. However, the questionnaire and the instructions would be available in all official languages, and in addition to hard copies, electronic copies would also be sent out. Moreover, at the time of the issuance of the questionnaire to Member States, the Secretariat would establish a help desk, including an e-mail address (PFDmailbox@un.org), in case any further clarification was needed.

23. Details of the individual questionnaire sheets are described in paragraphs 30 to 46 of the present report, in connection with the cost components to be included in the proposed methodology.

Phase two: data collection

Cost components: overall

24. The previous surveys collected data in terms of a range of cost components that have evolved over time. For all reviews since 1977, data on pay and allowances and on personal gear and equipment, including personal weaponry, has been collected. For the 1996 survey, data was also collected on predeployment medical costs, travel costs, peacekeeping training costs and on indirect insurance and administrative costs.

25. The proposed methodology would collect data on cost components (table 2) that approximate a common basket of goods and services that would reasonably well describe the costs of Member States for contributing troops to peacekeeping.

Table 2

Cost components of the proposed methodology*Cost component*

Pay and allowances, including specialist pay
 Personal clothing, gear and equipment (usage factor)
 Personal weaponry (usage factor)
 Predeployment medical costs
 Travel costs

26. The previous report of the Secretary-General on the methodology for the rates of reimbursement (A/57/774) proposed, in addition to the components in table 2, inclusion of the post-deployment medical and peacekeeping-related training costs as cost components in the rate of reimbursement methodology. However, as can be seen from the table, the proposed methodology excludes those two components.

27. The reasons for excluding the post-deployment medical costs are twofold. Firstly, the United Nations already includes provisions for medical services during the deployment of the troops to peacekeeping: provisions are included in individual mission budgets for self-sustainment as well as for death and disability. The self-sustainment (paid to the Governments of troop-contributing countries for their services) includes medical services for peacekeepers in the mission area, whereas death and disability provisions compensate for injury, illness and death attributable to service in peacekeeping missions. In particular, illness that is medically certified as a result of service in peacekeeping is reimbursable by the United Nations through claims. Secondly, post-deployment medical examinations are not a standard practice for many troop-contributing countries; inclusion of the post-deployment medical examination as a cost component would therefore entail excessive reimbursement in some cases.

28. The exclusion of peacekeeping training from the cost components is partly based on an argument similar to that for post-deployment medical costs: substantive peacekeeping training is increasingly covered through the support account and, as part of mission budgets, through mission training cells. Moreover, no equal basis for identical services can be found: the scope of predeployment training is a national decision of each Member State and varies widely among troop-contributing countries. Hence, the costs of predeployment training cannot be reliably identified through a survey. It should also be noted that predeployment training would enhance capabilities that could benefit national armies in other operations, in addition to participation in peacekeeping.

29. The proposed methodology includes questionnaire sheets for each of the cost components presented in table 2, including guidelines for filling in the forms, as explained in paragraph 22 of the present report. In the questionnaire sheets all cost data is requested in national currencies. The proposed methodology would convert

those data to United States dollars by using the United Nations rates of exchange at the same date the survey is sent out to troop-contributing countries.⁸

Cost components: pay and allowances (troops)

30. Previous surveys collected data on pay and allowances as a sample of troops contributed to peacekeeping by a Member State. Each troop-contributing country included in the questionnaire pay and allowance data that reflected the costs of the troops actually deployed on a peacekeeping mission to which the country had deployed most troops at a predefined date. Troop-contributing countries were asked to present those costs against military ranks that were defined and standardized by the Secretariat.

31. The proposed methodology would use the questionnaire sheets presented in the addendum to the present report. The sheets ask for data on pay and allowances based on the most recent approved pay scale of a troop-contributing country, in terms of that country's own rank structure. Furthermore, the questionnaire asks for the number of personnel within each rank in a motorized infantry battalion and for the number of personnel within each rank in an enabling unit (engineering company), as they are typically formed in the respective home country.

32. The main reasons for those changes are, firstly, that a sample of deployed troops (by standard ranks and number of personnel within each rank as deployed to the field) at a predefined date would not be representative of all troops deployed during the three-year time period in between the surveys. Secondly, the rank structure of troop-contributing countries is not always well represented in the standardized rank structure. The use of the standard rank structure could result in misinterpretation of data owing to the need to translate the pay scale data of a troop-contributing country to reflect the standard rank structure.

Cost components: pay and allowances (formed police units)

33. The previous surveys did not collect data on formed police units, and no separate rates of reimbursement have been established for those units. The General Assembly, in its resolution 55/274, requested that troops, formed civilian police units and staff officers serving in United Nations peacekeeping operations be reimbursed on an equal basis for identical services.

34. The proposed methodology would include questionnaire sheets on formed police, in addition to those on military personnel pay and allowances. The data on the formed police units would be collected by using an approach similar to the one defined above for the troops. The data collected in the first survey in 2006 would be described in the corresponding report to the Member States. That data would enable the Assembly to confirm or adjust the current practice of reimbursing formed police at the same reimbursement rate as infantry. The specific questionnaire sheets are presented in the addendum to the present report.

Cost component: specialist pay (troops and formed police units)

35. As described in paragraph 1 of the present report, the concept of specialist pay was introduced in 1974, together with establishment of the initial rate⁹ for pay and allowances. Initially, specialist pay was introduced to overcome a problem in the availability of reliable data on pay and allowances of high ranks.⁹ In the later

surveys, data on pay and allowances of the high ranks was, however, included in the data while no separate data on pay and allowances of specialists or on number of specialists was collected.

36. With the proposed methodology, the data on pay and allowances of the infantry battalion, the enabling unit and formed police units are expected to include specialists, both in the pay and/or allowance scale and in the number of personnel within each rank.

37. The reason for not including specialists as a separate group in the questionnaire is that the definition of "specialist" varies considerably among troop-contributing countries, from an actual rank in one Member State to special forces in another Member State. The data from troop-contributing countries would therefore not be comparable. Moreover, in many Member States specialists are an integral part of an infantry battalion or an enabling unit, and thus their relatively higher cost would be reflected in the increased number of higher ranks and/or in the allowances paid to specialists in the data on an infantry battalion or an enabling unit respectively.

Cost components: personal clothing, gear and equipment, including personal weaponry

38. The previous surveys collected cost data on personal clothing, gear and equipment as well as on personal weaponry: first, for items that were required by all troops and second, for items that were issued only to particular ranks. The data was also further segregated between items that were issued while in the home country and items that were issued specifically for deployment to peacekeeping.

39. The items included in the questionnaire have evolved over time. In order to address the request of the General Assembly for comprehensive information on the methodology, the proposed questionnaire would include all items of the 1996 survey, which was a combination of common items that had been included by the Member States in the three previous surveys (1996, 1991 and 1988). The questionnaire would also cover items that are included in the memorandum of understanding between the United Nations and troop-contributing countries on the terms of deploying troops to peacekeeping and exclude items that are covered in the self-sustainment and contingent-owned equipment reimbursements.

Cost components: travel

40. For travel, the previous surveys asked for costs per person for inland travel to and from the point of embarkation and disembarkation respectively. The data was requested as an average cost per peacekeeper for a specific deployment, at a predefined date for a peacekeeping mission in which the troop-contributing country had its largest deployment. In addition, costs related to the issuance of a passport or photo identification card were requested.

41. The proposed questionnaire would collect data on average cost per peacekeeper for travel to and from the point of embarkation and disembarkation respectively. As shown in the addendum to the present report, the cost data required would be based on the mode of travel and point of embarkation and disembarkation. The most typical points of embarkation and disembarkation, as defined in the memoranda of understanding between the troop-contributing countries and the

United Nations in the survey period, would be used as the basis. The costs related to issuance of a passport or photo identification card would not be requested.

42. The main reason for the change is that for many troop-contributing countries data based on a specific deployment would not be representative of all troops deployed by a Member State during the three-year time period. The cost of travel documents and identification cards would be excluded from the questionnaire owing to the varying practices of Member States and to the aim of capturing the common costs resulting from deployment of troops to peacekeeping.

43. It should be noted that even if data on travel costs have been included in the surveys, no rate of reimbursement for travel cost has been established by the Assembly. However, travel costs have been included as a cost component in the analysis. Paragraphs 58 and 59 of the present report describe how the travel costs would be dealt with in the proposed methodology as a component of the absorption factor.

Cost components: pre-deployment medical

44. The previous surveys asked for predeployment medical costs in terms of an average cost per peacekeeper for medical examinations, dental examinations and vaccinations and for X-rays and laboratory tests.

45. The proposed methodology would continue the previous practice, but would aim at gathering more structured and detailed information (see addendum). The questionnaire, prepared in line with standard medical examination procedures, aims at capturing the common and essential medical costs that are incurred by troop-contributing countries as a result of their participation in peacekeeping. This means that costs for vaccinations recommended by the United Nations for deployment to peacekeeping are to be included, with the exception of standard or childhood immunizations (including diphtheria, pertussis, tetanus and poliomyelitis) and vaccinations currently reimbursed through the submission of actual costs (including Japanese encephalitis and yellow fever). The questionnaire would not, however, include items that are attributable to specific epidemiological conditions in a peacekeeping mission: the mission and country-specific needs would be provided for in individual peacekeeping mission budgets, for example provisions for lassa fever, severe acute respiratory syndrome (SARS), and avian influenza.

46. Even if data on predeployment medical costs have been included in the surveys, no rate of reimbursement for predeployment medical costs has been established by the General Assembly, but predeployment medical costs were included as a cost component in the review of the rates. Paragraphs 58 and 59 of the present report describe how the medical costs would be dealt with in the proposed methodology as a component of the absorption factor.

Portfolio of evidence

47. The portfolio of evidence refers to supporting documents or verification of the data that has been gathered from the respondents. In previous surveys no portfolio of evidence was gathered although the suggestion was made in the report of the Secretary-General (A/9822) to support the survey data by including pay scales. However, the proposal was rejected, on the basis of the argument of confidentiality of such information.

48. The proposed methodology reinstates the earlier proposal by the Secretary-General but takes into account the confidentiality concern by proposing the inclusion of pay scales as a portfolio of evidence for the data on pay and allowances, to the extent that those data have been published and are widely available in the respective countries. In addition, the most senior finance official in ministry of defence would be requested to provide clearance for the cost data included in the entire survey. The inclusion of supporting documents and the clearance of the data would improve the validity and reliability of the data collected.

Phase three: data analysis

Response rate

49. The response rate of the survey indicates the percentage of troop-contributing countries in the population that provide information in response to being surveyed. As noted in paragraph 9 of the present report, the General Assembly requested that the future rate of reimbursement be based on survey data that is representative of costs incurred by about 60 per cent of the troop-contributing countries. The response rate for the two most recent surveys falls short of that request: in 1991 the response rate was 44 per cent, and in 1996 it was 48 per cent.

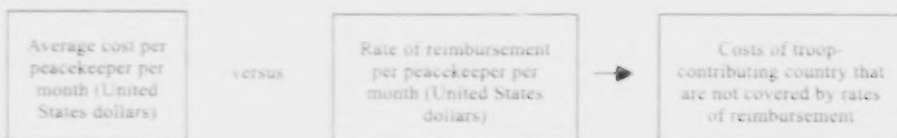
50. In that light, the proposed methodology puts forward two alternative thresholds for the response rate. The proposal would increase the probability of obtaining a valid response rate, as follows:¹⁰

- (a) Minimum response rate of 60 per cent in terms of number of troop-contributing countries; or
- (b) At least 25 per cent of total troops deployed by the responding troop-contributing countries in three years prior to the survey date.

Absorption factor

51. The concept of the absorption factor, introduced in the first review of the rates, has for a single troop-contributing country focused on the following comparison for a single responding troop-contributing country:

Figure 5
Concept of the absorption factor



52. The resulting costs of the troop-contributing country not covered by rates of reimbursement were, for each country, given as a percentage, representing the extent to which the troop-contributing country covered the cost of deploying troops to peacekeeping. In other words, for a single troop-contributing country (TCC 1), the absorption factor was defined follows:

$$\text{Absorption factor for TCC} = \left(\frac{\begin{array}{l} \text{(Average cost per peacekeeper per month} \\ \text{Rate of reimbursement per peacekeeper per month)} \end{array}}{\text{Average cost per peacekeeper per month}} \right) \times 100$$

53. In previous reviews the absorption factors for individual troop-contributing countries were summarized in an average overall absorption factor. The average overall absorption factor was derived by taking the average of the individual absorption factors of troop-contributing countries, described in paragraph 52.

54. The proposed methodology would continue to utilize the concepts of the absorption factor and average overall absorption factor. The method of calculating the average overall absorption factor would, however, be modified. Instead of determining the average of the absorption factor percentages of individual troop-contributing countries, the proposed methodology defines the average overall absorption factor as follows:

$$\text{Average overall absorption factor} = \left(\frac{\begin{array}{l} \text{(Average of all troop-contributing countries' cost per} \\ \text{peacekeeper per month} \\ \text{Rate of reimbursement per peacekeeper per month)} \end{array}}{\text{Average of all troop-contributing countries' cost per} \\ \text{peacekeeper per month}} \right) \times 100$$

55. The main reason for the proposed change is that the previous approach — by taking an average of percentages, a relative concept — produced a result that was sensitive to any extremely low or high value in the absorption factor of an individual country. Consequently, if, within the responding countries, there was one extremely high value absorption factor, but the rest fell into approximately the same range, the single extreme absorption factor had a disproportionate impact on the average overall absorption rate. The same effect applied to one single relatively low individual absorption factor of a troop-contributing country.¹⁾ The proposed methodology would avoid this phenomenon by taking an average of the actual cost per peacekeeper per month among the troop-contributing countries and only from that average deriving the relative concept of the average overall absorption.

56. In the review of the rates by the Assembly, that average overall absorption would be used, as in previous reviews, both to present the overall level of absorption across troop-contributing countries and to analyse any changes in the rate between consecutive surveys.

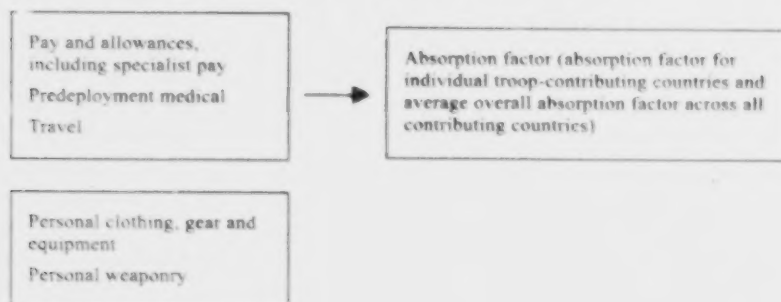
Absorption factor: cost components

57. In previous reviews, the absorption factors did not cover all cost components described in paragraph 24; only the cost components of pay and allowances and, later, pre-deployment medical and travel costs. The costs of personal clothing, gear and equipment and of personal weaponry were excluded from the analysis. Specialist pay, as described in paragraph 35 of the present report, was included in

the data on pay and allowances. The coverage of the average overall absorption factor in previous reviews can be summarized as follows:

Figure 6

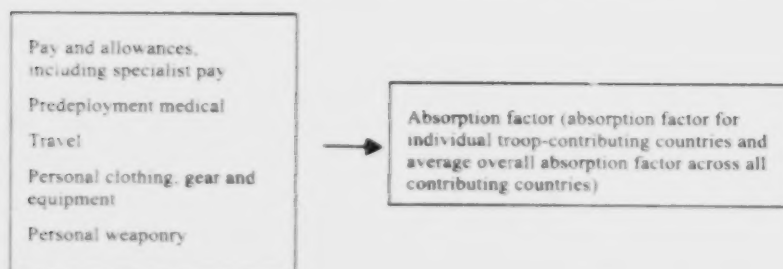
Cost components included in absorption factor in previous reviews



58. The proposed methodology would include all five cost components in the analysis:

Figure 7

Cost components included in absorption factor in the proposed methodology



59. The reasons for the change are threefold: firstly, the inclusion of all five cost components would improve comprehensiveness of the analysis. Secondly, the change would facilitate assessment of net average overall absorption: while the previous reviews were concerned about the absorption factor of individual cost components, the proposed methodology would look at the average overall absorption across all cost components. In other words, while previous reviews looked at average overall absorption for pay and allowances, implicitly assumed a similar change would take place for specialist pay and excluded the considerations on personal clothing, gear and equipment, the proposed methodology would look at net absorption across all cost components.¹²

Absorption factor: rates of reimbursement

60. The inclusion of all five cost components, including specialist pay, into the calculation of the absorption factor also necessitates a change in the level of

aggregation of the rates of reimbursement. The approved standard rates, in effect since January 2002, are as follows:

Table 3
Standard rates of reimbursement

Cost component	Rates
Pay and allowances	\$1 028
Specialist pay	\$303
Personal clothing, gear and equipment (usage factor)	\$68
Personal weaponry (usage factor)	\$5
Predeployment medical costs	-
Travel costs	-

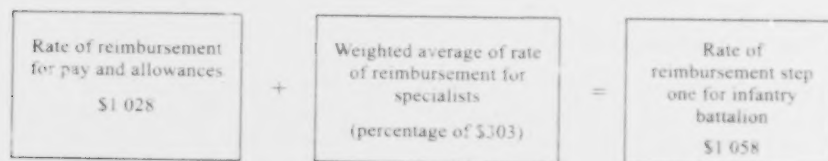
61. In order to compare the existing rates per peacekeeper per month with the average cost per peacekeeper per month and derive an absorption factor, in the proposed methodology all four rates in table 3 would be combined as a single rate.¹³

62. Owing to the different treatment of infantry battalions and enabling units in the rates, the single rates would be constructed for an infantry battalion and an enabling unit respectively: the existing rate for infantry battalion includes a specialist allowance of \$303 for 10 per cent of the troop strength, whereas the existing rate for an enabling unit includes a specialist allowance of \$303 for 25 per cent of the troop strength. For each single rate, for an infantry battalion and an enabling unit respectively, two steps would be taken: (1) combination of the rate for pay and allowances with the applicable rate for specialist pay, and (2) combination of the rate for personal clothing, gear and equipment as well as the rate for personal weaponry with the rate derived in step one.

63. In the proposed methodology the single rate for the infantry battalion for one peacekeeper per month, established through the two steps, would be as follows:

Figure 8a

Step one. Infantry battalion



64. In the above step, the specialist pay of \$303 is weighted by an average of non-specialists and specialists in an infantry battalion; that is, a ratio of 90 per cent of non-specialists and 10 per cent of specialists is applied ($\$1,028 \times 90$ per cent) + ($\$1,331 \times 10$ per cent), yielding a single rate of \$1,058 for the infantry battalion as the outcome of step one.

65. In step two the single rate of \$1,058 would be combined with the rates for personal clothing, gear and equipment and with the rate for personal weaponry:

Figure 8b
Step two. Infantry battalion

Rate of reimbursement for pay and allowances, including specialist pay \$1 058	+	Rate of reimbursement for personal clothing, gear and equipment \$68	+	Rate of reimbursement for personal weaponry \$5	=	Rate of reimbursement step two for infantry battalion \$1 131
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66. In the proposed methodology, for the enabling unit the single rate for one peacekeeper per month would be as follows:

Figure 9a
Step one. Enabling unit

Rate of reimbursement for pay and allowances \$1 028	+	Weighted average of rate of reimbursement for specialists (percentage of \$303)	=	Rate of reimbursement step one for enabling unit \$1 104
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67. In the above step the specialist pay (\$303) is weighted by an average of non-specialists and specialists in an enabling unit; that is, a ratio of 75 per cent of non-specialists and 25 per cent of specialists is applied ($\$1,028 \times 75$ per cent) + ($\$1,331 \times 25$ per cent), yielding a single rate of \$1,104 for the enabling unit as the outcome of step one.

68. In step two, the single rate of \$1,104 would then be combined with the rates for personal clothing, gear and equipment and with the rate for personal weaponry, as follows:

Figure 9b
Step two. Enabling unit

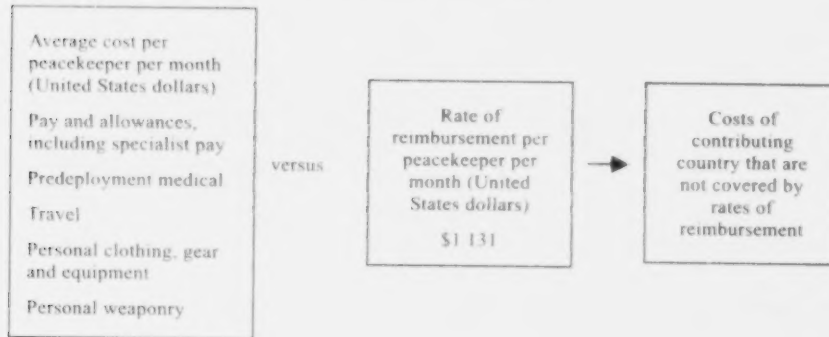
Rate of reimbursement for pay and allowances, including specialist pay \$1 104	+	Rate of reimbursement for personal clothing, gear and equipment \$68	+	Rate of reimbursement for personal weaponry \$5	=	Rate of reimbursement step two for enabling unit \$1 177
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69. The two single rates (\$1,131 and \$1,177) would then enable the review of the rates and the calculation of the absorption factor for an infantry battalion and enabling unit respectively, both for each troop-contributing country, and also of the

average overall absorption factor across all troop-contributing countries responding to the survey. The calculation of the absorption factor, as described in paragraph 54 of the present report, for its infantry battalions would be:

Figure 10

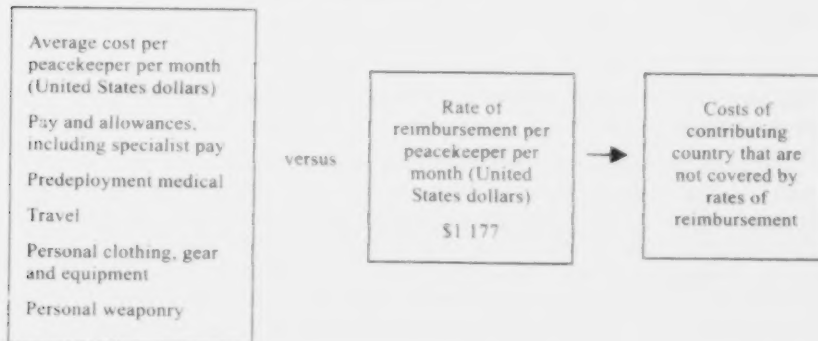
Absorption factor calculation for infantry battalion



70. For the enabling units the calculation of the absorption factor implies:

Figure 11

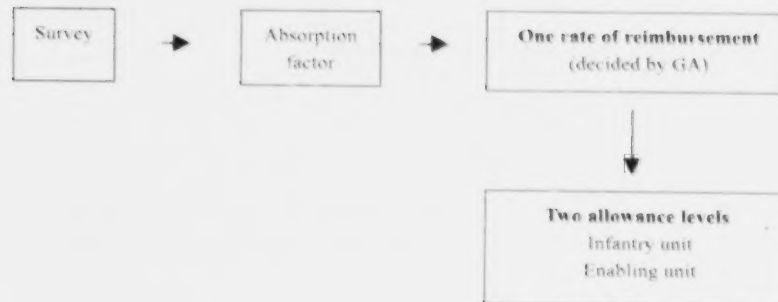
Absorption factor calculation for enabling unit



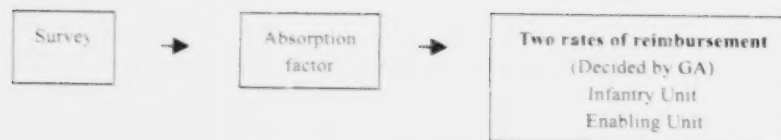
71. Figure 12 illustrates the proposed change in the payment structure of the rates of reimbursement.

Figure 12
Payment structure

Before



Proposed methodology



Phase four: reporting

72. In previous reviews, based on the level of average overall absorption and changes compared to each preceding review, the Secretary-General made his recommendations, as described in paragraph 5 of the present report.

73. The proposed methodology would change the previous practice. In the proposed methodology the emphasis would be on the provision of valid and reliable data on costs of providing troops to peacekeeping, describing cost trends and factors that contribute to the trends for each troop-contributing country and as an average for all troop-contributing countries.¹⁴ In addition to the cost trends, the absorption factors for individual countries and average overall absorption across all countries would also be reported, including changes in absorption compared to the previous survey.

74. In the proposed methodology, the analysis and presentation of the data would not, however, yield a recommendation as to whether the data seems to warrant a change in the existing rates. This is partly due to the fact that there is no objective method to define whether a change — for example, an increase in the cost of 5 per cent on average compared to a previous survey — would warrant an increase in the rates of reimbursement. More importantly, the decision on the rates of reimbursement, and any adjustments thereto, is a prerogative of the Member States. The role of the Secretariat would be limited to reviewing the costs of contributing troops to peacekeeping and comparing the costs to the rates of reimbursement. The analysis of the data would aim at providing valid, reliable and comprehensive data on the basis of which Member States could make fully informed decisions on the rates of reimbursement.

III. Proposed methodology for daily allowance for troops

75. As described in paragraph 7 of the present report, the General Assembly also requested the Secretary-General to review the daily allowance, currently a payment of \$1.28 that is made directly to troops deployed. The previous reviews have not considered that allowance, originally intended to cover incidental personal requirements, although the rate has remained unchanged since 1974.

76. In the absence of a methodology to carry out a review, a three-tiered approach to collect data on the rate is proposed. Data and views on the daily allowance would be collected, as part of the questionnaire presented in the addendum to the present report, in a questionnaire to force commanders in peacekeeping missions and in a separate questionnaire to randomly selected peacekeepers deployed to missions, also presented in the addendum.

77. The Secretariat would summarize the collected data from the above three surveys and report to the General Assembly its findings for further consideration.

IV. Actions to be taken by the General Assembly at its sixtieth session

78. The actions to be taken by the General Assembly in connection with the methodology for the rates of reimbursement to troop-contributing countries and the daily allowance for troops are as follows:

(a) To approve the proposed methodology for the rates of reimbursement, including the proposed questionnaire;

(b) To approve of the proposed rate of exchange reference date for conversion of collected cost data from national currencies to United States dollars;

(c) To approve the conduct of the first survey in 2006 and proposed periodicity thereafter;

(d) To approve the proposed field questionnaires to collect data on the daily allowance for troops.

Notes

¹ For previous reports of the Secretary-General on reviews of the rates of reimbursement see A/32/339, A/C.5/35/38, A/40/845, A/42/374, A/44/500, A/45/582, A/47/776, A/48/912, and A/54/763.

² Prior to the report of the Secretary-General on the 1984 survey (A/40/845), a concept of "cost covered" was used instead of the concept of "absorption factor".

³ The report of the Advisory Committee on Administrative and Budgetary Questions on the 1996 review (A/54/859) pointed out that there appeared to be a number of inconsistencies in the data, making a comparative analysis difficult.

⁴ The daily allowance was established by resolution 1122 (XI) of 26 November 1956 concerning administrative and financial arrangements for the first United Nations Emergency Force.

- ⁵ See para. 8 of resolution 55/274, which states that the Secretary-General should submit, "taking into account the views expressed by Member States, a methodology for reimbursement of troop costs, covering troops and formed police units, and a questionnaire to be submitted to troop-contributing countries".
- ⁶ In the present report the term "troop-contributing country" is used to denote countries that contribute troops and/or formed police units.
- ⁷ In this report, "sample" means "a subset of a population".
- ⁸ A rate of exchange at a given date is used instead of, for example, a moving average of exchange rates during the three-year survey period, because the cost data is also provided in terms of a given date. Use of the moving average of exchange rates would necessitate also the use of average cost data, which would be very complex and reduce the reliability of the data.
- ⁹ See A/9822.
- ¹⁰ Taken the 1996 respondents — assuming that the same respondents would have replied to a survey as at 31 December 2005 — and the troop strength as at 31 December 2005, the respondents would have covered 35 per cent of the troops on the ground.
- ¹¹ This problem has already been pointed out by the Advisory Committee on Administrative and Budgetary Questions (see A/45/801).
- ¹² As shown in table 1, a change in the rate of reimbursement for pay and allowances has always implied a similar increase for specialist pay. Furthermore, the rate for personal gear and equipment has not been revised since 1975, except in 2001 and 2002 when an ad hoc increase of 2 per cent, in two consecutive years, was made.
- ¹³ As stated in paragraphs 43 and 46 of the present report, no rate of reimbursement for predeployment medical or travel expenses has been established by the General Assembly.
- ¹⁴ The data of individual contributing countries would be classified, and strict confidentiality would be maintained at each stage of the survey process.

Annex

Matrix on guidance from the General Assembly versus the proposed methodology

<i>Driving principles</i>	<i>Phases</i>			
	<i>Survey design</i>	<i>Data collection</i>	<i>Data analysis</i>	<i>Reporting</i>
Transparency	√	√	√	√
Comprehensiveness	√		√	
Simplicity	√		√	
Portability		√		
Confirmed delivery/no double pay		√		
Financial control/audit		√		
Equity		√	√	